



The President's Daily Brief

January 23, 1975

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FOR THE PRESIDENT ONLY

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USSR

The Soviet Union continues to offer public and private assurances that collapse of the US-Soviet trade agreement does not signal a turn from detente. At the same time, Soviet criticism of the US, particularly as expressed in the media, remains at the unusually high levels of the past month.

The Soviets may have enlisted their allies in the effort to reassure the US on detente. A Polish Central Committee member sought out a US official last week to rebut as "nonsense" Western speculation about a return to the cold war.

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[REDACTED] The Soviets reportedly are concerned that the West Europeans might interpret action on the trade agreement as marking a change in the USSR's attitude toward detente in Europe.

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The Soviet central press continues to affirm Moscow's commitment to detente and to give heavy coverage to recent statements by you and Secretary Kissinger that detente with the USSR will be continued and strengthened. Soviet media have resumed frequent and positive reference to the Vladivostok arms control understandings, presumably in an effort to offset the "step backward" in trade relations.

Otherwise, criticism of the US in the media remains high. The Soviets are concentrating on US domestic economic problems, Washington's policy toward the Middle East, alleged abuses by the US intelligence community, and continued US support of South Vietnam.

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MBFR

Chief Soviet delegate Khlestov discussed prospects for East-West force reductions in his dialogue with Ambassador Stoessel in Moscow on Monday. The fifth round of the negotiations begins next week in Vienna.

Khlestov claimed he is optimistic about the negotiations and said the Soviets still are interested in reaching an agreement. He declared that the negotiations are "condemned to succeed," but he gave no indication of any new flexibility on the part of the Soviets. Instead, he called for the US to put pressure on its NATO allies to move the negotiations along. The tenor of his remarks suggests that the USSR expects another lackluster round of talks.

Much of Khlestov's presentation was a reiteration of standard Soviet positions. For example, he stressed the need to reduce West German forces from the outset, arguing that it is especially important to resolve this issue during 1975, the 30th anniversary of the end of World War II. This appeal prompted Ambassador Stoessel to ask whether the Warsaw Pact had not, in fact, already agreed to US-Soviet reductions as an initial phase. Khlestov maintained that that concession had been made in the Warsaw Pact's proposal for "symbolic reductions."

When asked about NATO's objective of reaching a "common ceiling," Khlestov did not reject the concept outright but repeated the usual Soviet argument that Moscow could not accept a disadvantageous agreement. He added that any reductions should consider total "firepower," reflecting the Soviet position that reductions limited to ground forces would be unsatisfactory.

Khlestov perhaps also was suggesting that the Soviets eventually might be willing to accept unequal reductions of ground forces if they were accompanied by cuts in air and nuclear elements.

Khlestov explained that the Warsaw Pact's proposal of November 1973 to reduce each alliance's forces by approximately 15 percent still is valid, and has not been replaced by subsequent attempts to win acceptance for various concepts of token reductions.

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CAMBODIA

The small, heavily escorted ammunition convoy that was stalled yesterday in the lower Mekong reached Phnom Penh last night. Its arrival will boost morale in the capital but will do little to ease the tight civilian supply situation. The government will try to get a larger convoy through shortly.

Effective support from the navy and air force, amphibious landings at several points along the river, and the destruction of a communist-built barricade at a vital river narrows made the 60-mile run possible. Intercepted messages indicate the Khmer communists will keep heavy pressure along the river, and the growing reluctance of crews and river pilots to risk the trip could become a major problem for the government.

In Phnom Penh itself, rice and fuel are being rationed. The city continues to be hit by rockets. Civilian deaths are mounting, partly because of the influx of refugees from outlying areas. Fighting has also picked up outside the city, and the US embassy reports that since widespread fighting began on January 1, casualties on both sides have averaged about 1,000 a day--the heaviest of the war.

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PORTUGAL

The Portuguese cabinet completed deliberation yesterday on the labor bill that has caused serious division within the Armed Forces Movement as well as in the three-party coalition government.

The cabinet vote reportedly ended in a tie; it was broken by Prime Minister Goncalves, who favors the bill. The bill will now be considered by the legislative council of state; two thirds of the 21 members are military men, and passage seems assured.

Reports circulating in Lisbon indicate that the Armed Forces Movement was not as united on this issue as its press releases had suggested. According to these reports, the Movement's 200-member assembly failed to reach agreement in an unruly session and bucked the problem to the superior council of the Movement, where the vote was 11 in favor and 9 opposed.

Many moderates within the Movement may be uncomfortable about their apparent alliance with the Communist Party on this issue. As if to dispel this notion, the superior council issued a communiqué last weekend restating its determination to hold a national election on schedule this spring. The Communists have been searching for ways to block an election.

The leaders of the Socialist Party are planning to meet on Sunday to decide whether to remain in the government. Foreign Minister Soares, the Socialist leader, is opposed to withdrawal but says there is considerable pressure in the party for such a move. Soares told Ambassador Carlucci yesterday that the bill as now drafted would enable the Socialists to participate in the labor movement despite Communist control of the leadership of a single labor confederation. Other reports throw doubt on this assertion.

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PANAMA

The round of canal treaty negotiations just concluded in Panama brought considerable progress on the status of forces agreement that would be a key part of a new treaty. The Panamanian negotiators seemed particularly concerned with acquiring the symbols of sovereignty, such as flying their country's flag over defense sites that the US would retain under a new pact. Discussions will continue during the next round of negotiations, scheduled to begin in Washington on January 27.

General Torrijos' public and private statements reflect his confidence that a new treaty can be drafted this year. He has lived up to his commitment to keep the details of the bargaining confidential. Within this limitation, the administration has launched a campaign to prepare the public for a treaty that will not be "perfect" from Panama's point of view, but that will achieve many of its basic goals. This includes setting a specific date for the transfer to Panama of all responsibility for defense and operation of the canal.

Torrijos actually would prefer to hold off public debate until the entire draft agreement has been completed. He has had to start defending his handling of the negotiations because of criticism from ultra-nationalists that he is acting in secrecy and is giving away too much. These critics maintain it is a mistake to sign a new treaty now, because they believe that within a few years the pressure of world opinion will oblige the US to withdraw unilaterally from the canal area.

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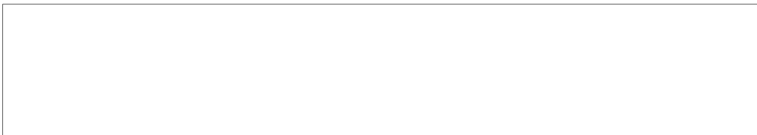
NOTES

OPEC states' oil, finance, and foreign ministers are scheduled to meet in Algiers on Friday to begin preparations for an OPEC chiefs of state summit conference.

The participants will attempt to develop a common strategy for the proposed joint conference of oil-producing and oil-consuming countries. They probably will discuss the recycling issue and a guarantee against inflation's weakening the value of OPEC members' investments in developed countries. They will be principally interested in tying oil prices to other prices. Considerable attention also is likely to be focused on the new US trade law, which excludes OPEC members from preferential treatment.

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Mexican authorities have had major successes against narcotics traffickers this month.



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Despite this success, Mexico remains the leading source of heroin smuggled into the US. In fact, more than 60 percent of the heroin seized or purchased by our narcotics agents last year was of Mexican origin. US assistance to the Mexican police effort against traffickers is helping, but Mexico for the foreseeable future will remain a convenient country for narcotics growers and smugglers.

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